



Maricopa County

Department of Finance

Tom Manos

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Date: September 5, 2008
To: David Smith, County Manager
From: *Tom Manos*
Tom Manos, Chief Financial Officer
Subject: FY 07-08 Variance Report – June 2008 (updated)

Attached are the updated Executive Summaries for the General Fund and Detention Fund. These reports represent the financial activity through June 30, 2008 showing the budget versus actual comparisons for the General Fund and Detention Fund. The previously distributed June 2008 reports have been updated to include the final warrant run for FY 07-08. In addition, Sales Tax has been adjusted to reflect the actual June 2008 sales tax receipts distributed to the County at the end of August 2008. The adjustments had a net impact (reduction) on ending Fund Balance of \$3.4m, therefore, it was determined that an updated report would be issued.

The undesignated ending fund balance of \$257.3m represents the unaudited fund balance after all transfers to the capital projects funds have been recorded. The ending fund balance represents a net gain of \$21,338,308 from the estimate used in the FY 08-09 budget. Comments regarding variances for major revenue and expenditure line items are provided below.

Revenues

- **Property Tax Revenue YTD variance of \$639,005:** Property Tax YTD revenue for FY 07-08 is 8.5 percent higher than FY 06-07 actuals with a current year positive budget variance of .2 percent. Property taxes typically have a collection rate of 97 percent by fiscal year end plus delinquent collections from prior years. Total current collections are at a 98 percent collection rate through June.
- **Vehicle License Tax Revenue YTD variance of (\$3,934,573):** The FY 07-08 Vehicle License Tax YTD revenue was 2.8 percent lower than the current year budget and 3.0 percent lower than the FY 06-07 year-end actuals. The FY 07-08 budget had been revised throughout the year to reflect declines in revenue collections. The FY 07-08 budget based VLT revenues on the April 2007 Pessimistic forecast from Elliott D. Pollack & Co. (EDP) and assumed zero percent growth over the previous fiscal year. The negative variance is largely due to a sharper than anticipated reduction in new car sales.

Actual collections are also below the forecast assumed in the FY 08-09 budget.

- **Sales Tax Revenue YTD variance of (\$36,494,369):** The FY 07-08 Sales Tax revenue is 3.8 percent lower than the FY 06-07 actuals with a current year negative budget variance of 7.3 percent. The FY 07-08 budget was based on the April 2007 Pessimistic forecast from EDP and assumed 3.0 percent growth over the previous fiscal year. This negative variance is a result of sharp declines in retail sales transactions throughout the State this past fiscal year.

Actual collections are also below the forecast assumed in the FY 08-09 budget.

- **Interest Revenue YTD variance of \$13,290,700:** General Fund annualized Interest revenue was budgeted conservatively at \$12m. Interest revenue is recorded quarterly and the positive variance is mainly attributed to fund balance levels higher than expected.

Expenditures

- **Personnel Services Expenditures YTD variance of \$19,982,813:** Overall, personnel services expenditures are 4.1 percent under budget. This positive variance is primarily the result of a hiring freeze approved by the Board of Supervisors in January, 2008. The hiring freeze remains in affect through FY 08-09.
- **Services Expenditures YTD variance of \$184,106,310:** The favorable variance is primarily attributable to savings in Non-Departmental, General Government, and Appropriated Fund Balance, offset by overruns in Contract Counsel for indigent defense. In General Government, the combined favorable variance is due to litigation and consulting expenditures, which do not follow a predictable pattern. In Non-Departmental, the favorable variance is due to technical and timing issues. In Appropriated Fund Balance, the favorable variance is primarily due to timing of information technology project expenditures. These favorable variances are partially offset due to payments by Public Defense Services (Contract Counsel) for private attorneys for indigent legal representation, see departmental commentary below.
- **Intergovernmental Payments YTD variance of \$4,003,606:** The favorable variance is primarily due to savings in the Arizona Long Term Care System (ALTCS) contribution. The ALTCS contribution was budgeted at \$156.1m, but the actual contribution is only \$152.8m, a favorable annualized variance of \$3.3m. The final ALTCS amount was not disclosed by the State until after County budget adoption.
- **Debt Service YTD variance of \$4,820,625:** The favorable variance is primarily due to delayed starts for lease purchase payments. Debt Service is under budget because the majority of loan obligations for technology purchases concluded July 31, 2007.
- **Capital Outlay Expenditures YTD variance of \$5,917,550:** The favorable variance is primarily due to delayed expenditures for vehicle replacement and major maintenance. The design phase requires much lower expenditures than the construction phase and this is the cause for much of the positive variance.

General Fund Departmental Variances:

Office of Contract Counsel - General Fund expenditures are over budget YTD by \$5,914,706. Negative YTD budget-to-actual variances associated with contracted Felony Representation cases represent the bulk of the overrun, including notable variances of (\$1,492,070) for Capital cases, (\$3,101,610) for Class 2 through 6 Felony cases, and (\$1,002,054) for Adult Appeal cases. Although Indigent Representation experienced a General Fund Contract Counsel overrun of \$5.9m at fiscal year end, Indigent Representation has experienced year-end savings of \$1.5m from the other staffed offices, for a net Indigent Representation-wide overrun of \$4.4m. The budget overrun will be covered by a transfer of contingency funds that was approved by the Board of Supervisors.

Detention Fund

The undesignated ending fund balance of \$80.8m represents the audited fund balance after all transfers to the capital projects funds have been recorded. The ending fund balance represents a net gain of \$13.8m from the estimate used in the FY 08-09 budget.

Revenues

- ***Jail Excise Tax (Sales Taxes) Revenue YTD variance of (\$11,759,725):*** The FY 07-08 Jail Excise Tax revenue is 5.0 percent lower than the FY 06-07 actuals with a current year negative budget variance of 7.9 percent. The FY 07-08 budget was based on the April 2007 Pessimistic forecast from EDP and assumed 3.0 percent growth over the previous fiscal year. As predicted in last month's report, Jail Excise Tax receipts were less than anticipated by EDP. This negative variance is due to a larger decline in retail sales in Maricopa County that previously anticipated by EDP.

Actual collections are also below the forecast assumed in the FY 08-09 budget.

- ***Miscellaneous (Jail Per Diem and Other) Revenue YTD variance of \$7,449,833:*** The FY 07-08 budget for Jail Per Diem revenue was estimated conservatively at the recommendation of the Sheriff's Office, as it was assumed that a significant increase in per diem rates would prompt cities, towns and other jurisdictions to reduce their utilization of County jails.
- ***Interest Revenue YTD variance of \$6,918,136:*** Detention Fund annualized Interest revenue was budgeted conservatively at \$3m. Interest revenue is recorded quarterly and the positive variance is mainly attributed to fund balance levels higher than expected.

Expenditures

- ***Personnel Services YTD variance of \$8,771,552:*** The favorable variance in personal services is primarily due to the hiring freeze that is currently in place.
- ***Supplies YTD variance of (\$1,838,337):*** Expenditures exceeded budget due to higher inmate volumes and inflationary cost increases.
- ***Services YTD variance of \$57,713,183:*** The favorable variance is due to unspent contingency funds in Non-Departmental.
- ***Capital Outlay YTD variance of \$6,192,805:*** The favorable variance is primarily due to delayed expenditures for vehicle replacement and major maintenance. It is not expected that these savings will be recurring; because many major maintenance projects currently in design will progress beyond the design phase (this phase requires much lower expenditures than the construction phase).

Detention Fund Departmental Variances

All Detention Fund departmental expenditure budget variances are favorable at the present time.

Please review and let me know if you have any questions that we can address.

Cc: Sandi Wilson
Assistant County Managers
Shelby Scharbach
DOF Finance Managers
OMB Deputy Directors
OMB Budget Supervisors



General Fund

Executive Summary (Revised)

As of June 30, 2008

Revenues	Revised FY Budget	YTD Budget	YTD Actual	Variance
Property Taxes	425,284,450	425,284,450	425,923,455	639,005
Vehicle License Taxes	143,247,168	143,247,168	139,312,595	(3,934,573)
Sales Taxes	497,453,141	497,453,141	460,958,772	(36,494,369)
Intergovernmental	12,569,263	12,569,263	13,765,343	1,196,080
Interest	12,000,000	12,000,000	25,290,700	13,290,700
Miscellaneous	81,446,957	81,446,957	84,876,745	3,429,788
Transfers In	9,866,607	9,866,607	9,866,607	(0)
Total Revenues	1,181,867,586	1,181,867,586	1,159,994,217	(21,873,369)
Expenditures				
Personnel Services	488,636,739	488,636,739	468,653,926	19,982,813
Supplies	31,268,326	31,268,326	15,147,753	16,120,573
Services	331,927,797	331,927,797	147,821,487	184,106,310
Intergovernmental Payments	228,557,773	228,557,773	224,554,167	4,003,606
Debt Service	13,777,818	13,777,818	8,957,193	4,820,625
Capital Outlay	21,719,295	21,719,295	15,801,745	5,917,550
Transfers Out	217,189,228	217,189,228	217,206,425	(17,197)
Total Expenditures	1,333,076,976	1,333,076,976	1,098,142,696	234,934,280
Excess (Deficiency) of Revenues Over Expenditures	(151,209,390)	(151,209,390)	61,851,521	213,060,911
Beginning Fund Balance	414,158,357	414,158,357	444,964,280	30,805,923
Revenues	1,181,867,586	1,181,867,586	1,159,994,217	(21,873,369)
Expenditures	1,333,076,976	1,333,076,976	1,098,142,696	234,934,280
Fund Balance with Designations	262,948,967	262,948,967	506,815,801	243,866,834
Fund Balance Designations (1)	249,543,563	249,543,563	249,543,563	-
Undesignated Ending Fund Balance	13,405,404	13,405,404	257,272,238	243,866,834

1. Fund Balance Designations:

Budget Stabilization:

Cash Flow/Property Tax	54,000,000
Reserve	157,809,663
Benefits Self-Funding Reserve	34,300,000
Sheriff Court Remodel	3,433,900
Total:	249,543,563

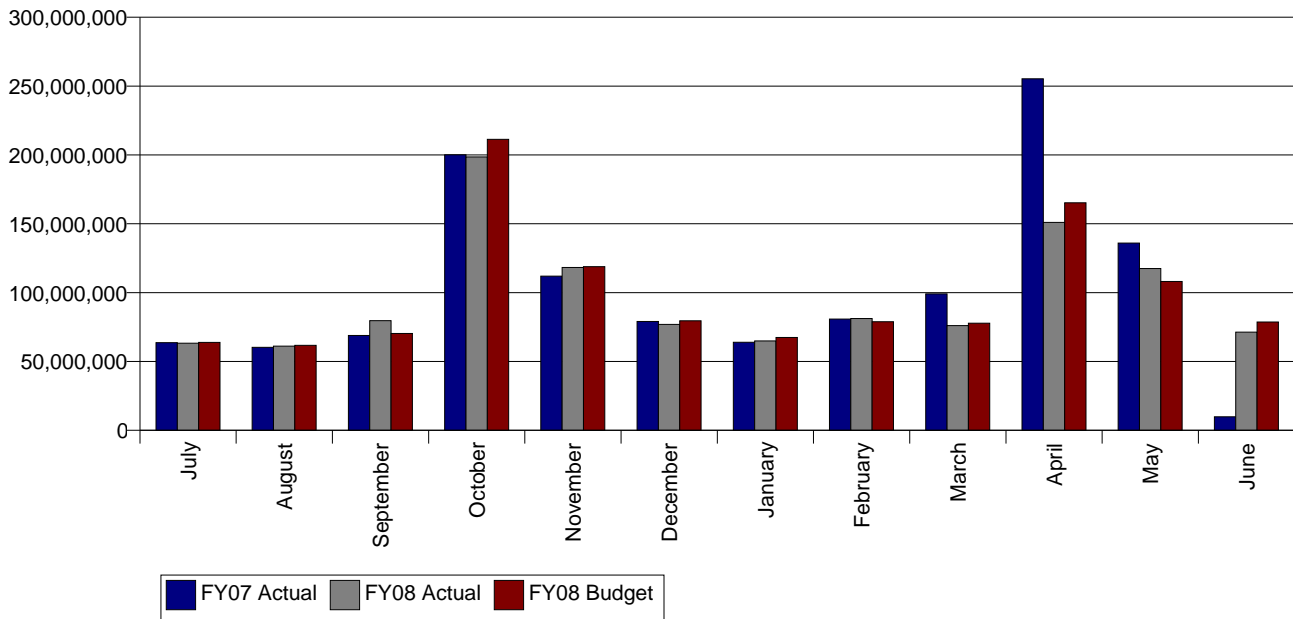


General Fund

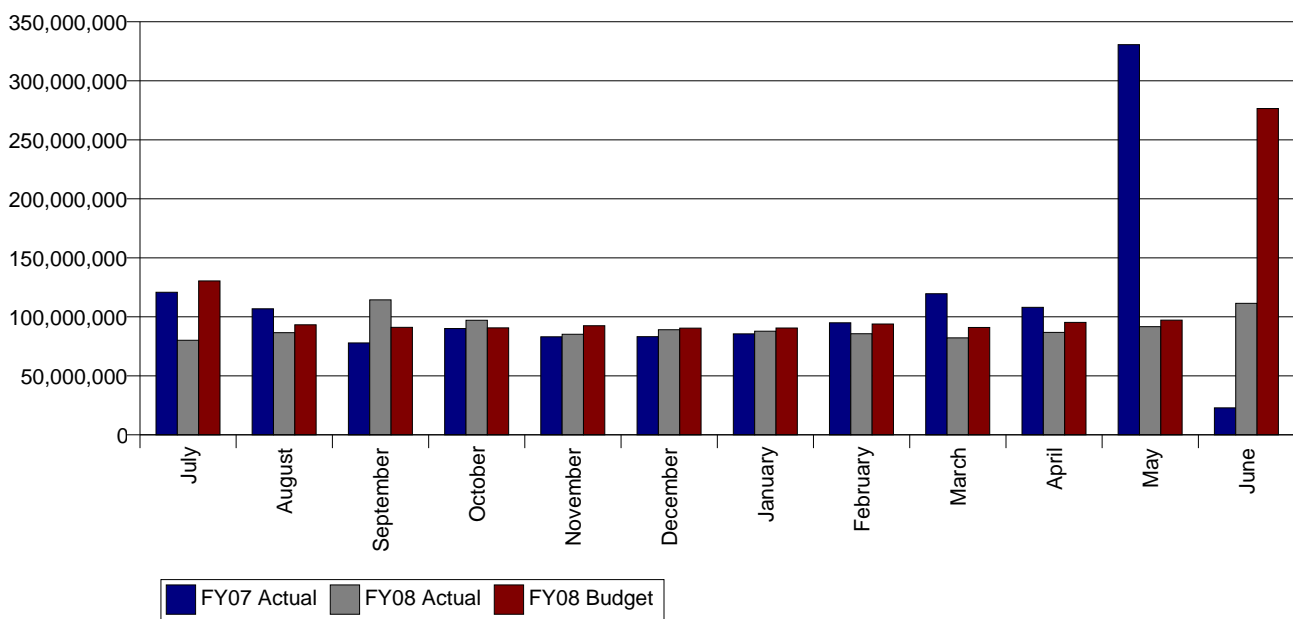
Executive Summary (Revised)

As of June 30, 2008

Revenues



Expenditures





General Fund

Category Detailed by Agency (Revised)

As of June 30, 2008

General Government	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
ASSESSOR	25,477,383	25,477,383	24,292,822	1,184,561	4.65 %
BOARD OF SUPERVISORS CLERK	783,071	783,071	725,104	57,967	7.40 %
BOARD OF SUPERVISORS DIST 1	389,161	389,161	360,168	28,993	7.45 %
BOARD OF SUPERVISORS DIST 2	389,161	389,161	361,785	27,376	7.03 %
BOARD OF SUPERVISORS DIST 3	389,161	389,161	332,773	56,388	14.49 %
BOARD OF SUPERVISORS DIST 4	389,161	389,161	322,752	66,409	17.06 %
BOARD OF SUPERVISORS DIST 5	389,161	389,161	370,922	18,239	4.69 %
COUNTY CALL CENTER	1,763,208	1,763,208	1,701,404	61,804	3.51 %
COUNTY MANAGERS OFFICE	2,300,030	2,300,030	2,132,338	167,692	7.29 %
ELECTIONS	13,495,604	13,495,604	13,303,816	191,788	1.42 %
ENTERPRISE TECHNOLOGY	10,592,666	10,592,666	10,404,915	187,751	1.77 %
FACILITIES MANAGEMENT	14,177,995	14,177,995	13,811,481	366,514	2.59 %
FINANCE	4,091,497	4,091,497	3,936,342	155,155	3.79 %
INTERNAL AUDIT	1,994,398	1,994,398	1,830,254	164,144	8.23 %
MANAGEMENT & BUDGET	3,087,661	3,087,661	2,665,655	422,006	13.67 %
MATERIALS MANAGEMENT	2,123,861	2,123,861	2,039,816	84,045	3.96 %
RECORDER	2,626,351	2,626,351	2,326,090	300,261	11.43 %
RESEARCH & REPORTING	494,441	494,441	373,006	121,435	24.56 %
TREASURER	5,172,199	5,172,199	5,021,144	151,055	2.92 %
WORKFORCE MGMT & DEVELOPMENT	1,247,994	1,247,994	1,227,390	20,604	1.65 %
Subtotal	91,374,164	91,374,164	87,539,977	3,834,187	4.20 %
Public Safety	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
ADULT PROBATION	66,151,242	66,151,242	65,635,296	515,946	0.78 %
CLERK OF SUPERIOR COURT	34,052,040	34,052,040	33,150,052	901,988	2.65 %
CONSTABLES	2,434,957	2,434,957	2,304,325	130,632	5.36 %
CORRECTIONAL HEALTH	3,736,942	3,736,942	3,731,737	5,205	0.14 %
COUNTY ATTORNEY	72,397,991	72,397,991	71,972,603	425,388	0.59 %
EMERGENCY MANAGEMENT SVCS	268,636	268,636	268,217	419	0.16 %
JUSTICE SYSTEM PLANNING INFO	846,536	846,536	663,109	183,427	21.67 %
JUVENILE PROBATION	21,525,397	21,525,397	21,437,424	87,973	0.41 %
LEGAL DEFENDER	9,799,432	9,799,432	9,333,511	465,921	4.75 %
MEDICAL EXAMINER	8,086,462	8,086,462	7,779,567	306,895	3.80 %
OFFICE CONTRACT COUNSEL	17,247,643	17,247,643	23,162,349	(5,914,706)	-34.29 %
OFFICE OF LEGAL ADVOCATE	8,694,685	8,694,685	8,174,953	519,732	5.98 %
PUBLIC DEFENDER	40,974,306	40,974,306	40,466,784	507,522	1.24 %
PUBLIC FIDUCIARY	2,813,379	2,813,379	2,705,444	107,935	3.84 %
SHERIFF	71,645,624	71,645,624	69,542,673	2,102,951	2.94 %
TRIAL COURTS	85,950,203	85,950,203	85,437,184	513,019	0.60 %
Subtotal	446,625,475	446,625,475	445,765,228	860,247	0.19 %
Health, Welfare and Sanitation	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
ANIMAL CONTROL SERVICES	360,115	360,115	360,115	0	0.00 %
ENVIRONMENTAL SERVICES	7,059,208	7,059,208	4,388,511	2,670,697	37.83 %
HUMAN SERVICES	2,702,378	2,702,378	2,702,378	0	0.00 %
PUBLIC HEALTH	12,921,147	12,921,147	11,164,336	1,756,811	13.60 %
Subtotal	23,042,848	23,042,848	18,615,340	4,427,508	19.21 %
Culture and Recreation	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
PARKS & RECREATION	1,764,191	1,764,191	1,760,538	3,653	0.21 %
Subtotal	1,764,191	1,764,191	1,760,538	3,653	0.21 %
Education	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
SUPERINTENDENT OF SCHOOLS	2,449,728	2,449,728	2,272,722	177,006	7.23 %
Subtotal	2,449,728	2,449,728	2,272,722	177,006	7.23 %
Other Gov Fund	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
GENERAL GOVERNMENT	248,644,718	248,644,718	234,891,182	13,753,536	5.53 %
GEN GOV APPROPRIATED FND BALANCE	164,055,156	164,055,156	65,530,373	98,524,783	60.06 %
NON-DEPARTMENTAL	355,120,696	355,120,696	241,767,336	113,353,360	31.92 %
Subtotal	767,820,570	767,820,570	542,188,891	225,631,679	29.39 %
Total Expenditures	1,333,076,976	1,333,076,976	1,098,142,696	234,934,280	17.62 %



Detention Fund

Executive Summary (Revised)

As of June 30, 2008

<i>Revenues</i>	Revised FY Budget	YTD Budget	YTD Actual	Variance
Sales Taxes	149,823,673	149,823,673	138,063,948	(11,759,725)
Interest	3,000,000	3,000,000	9,918,136	6,918,136
Miscellaneous	28,548,509	28,548,509	35,998,342	7,449,833
Transfers In	165,933,494	165,933,494	165,933,494	0
Total Revenues	347,305,676	347,305,676	349,913,920	2,608,244
<i>Expenditures</i>				
Personnel Services	234,966,063	234,966,063	226,194,511	8,771,552
Supplies	14,129,562	14,129,562	15,967,899	(1,838,337)
Services	113,738,350	113,738,350	56,025,167	57,713,183
Debt Service	1,907,618	1,907,618	1,523,180	384,438
Capital Outlay	16,633,381	16,633,381	10,440,576	6,192,805
Transfers Out	32,112,796	32,112,796	32,112,796	-
Total Expenditures	413,487,770	413,487,770	342,264,129	71,223,641
Excess (Deficiency) of Revenues Over Expenditures	(66,182,094)	(66,182,094)	7,649,791	73,831,885
Beginning Fund Balance	145,551,542	145,551,542	148,118,101	2,566,559
<i>Revenues</i>	347,305,676	347,305,676	349,913,920	2,608,244
<i>Expenditures</i>	413,487,770	413,487,770	342,264,129	71,223,641
Fund Balance with Designations	79,369,448	79,369,448	155,767,892	76,398,444
<i>Fund Balance Designations (1)</i>	75,000,000	75,000,000	75,000,000	-
Undesignated Ending Fund Balance	4,369,448	4,369,448	80,767,892	76,398,444

1. Fund Balance Designations:

Future Capital Projects	75,000,000
Total:	75,000,000

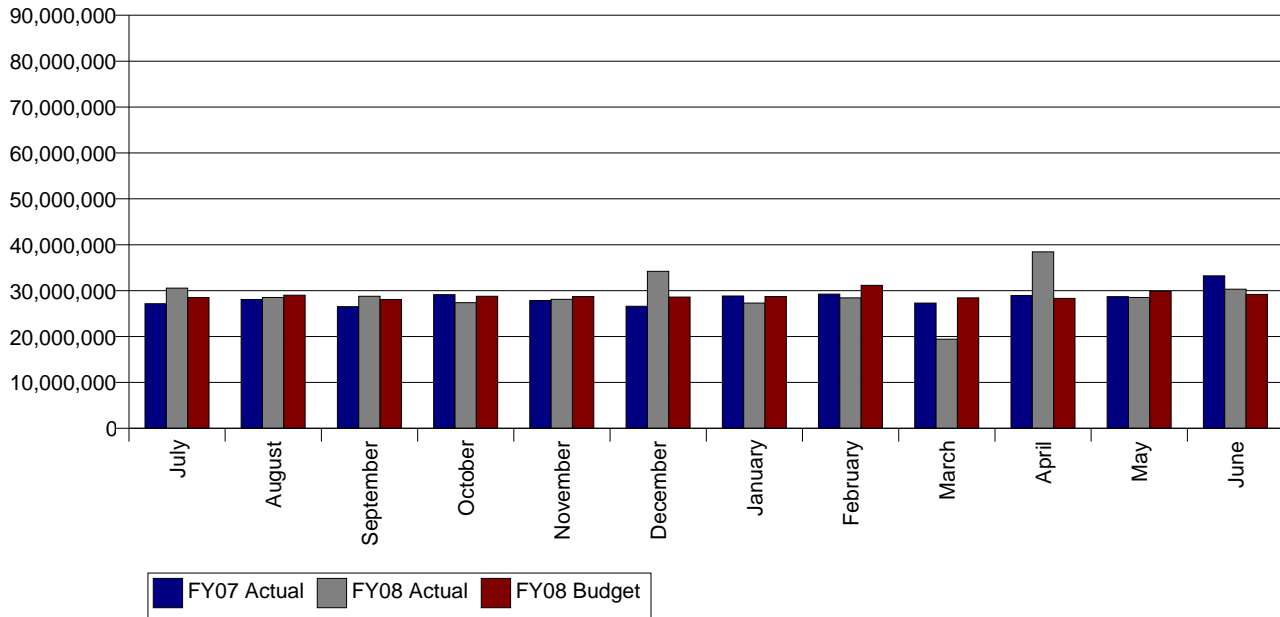


Detention Fund

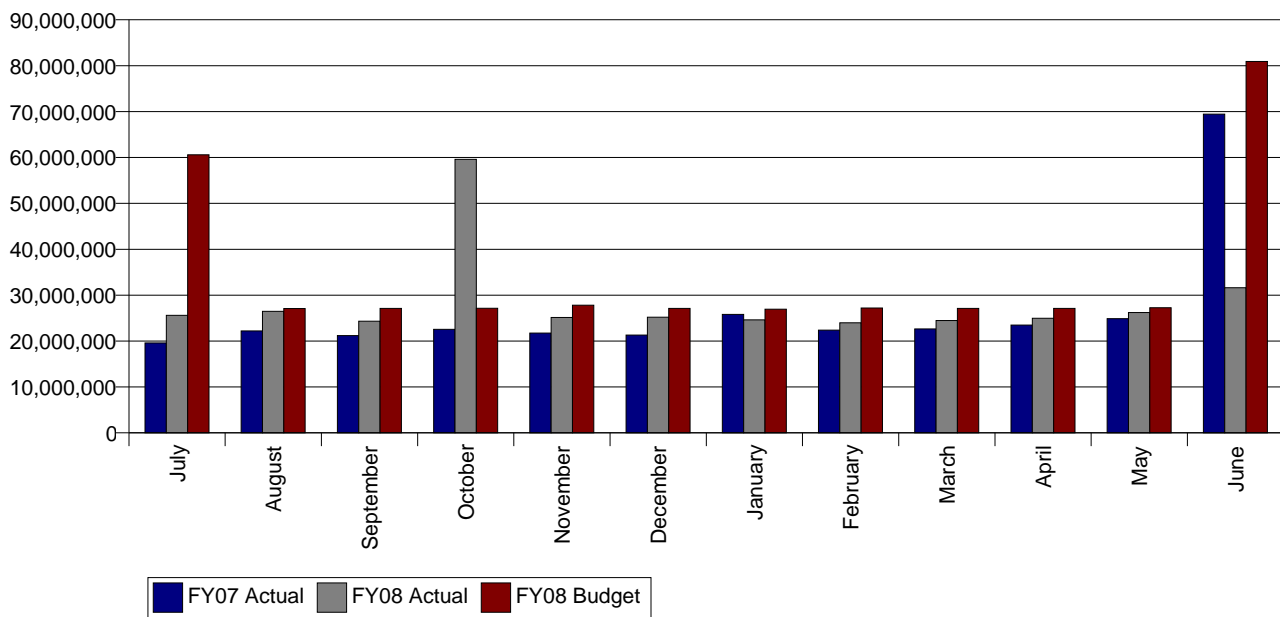
Executive Summary (Revised)

As of June 30, 2008

Revenues



Expenditures





Detention Fund
Category Detailed by Agency (Revised)
As of June 30, 2008

Revenues

Agency	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
262 - CORRECT'L HLTH DETENTION FUND	6,500	6,500	4,227	(2,273)	(34.97)%
472 - NON-DEPT-DETENTION FUND	318,757,167	318,757,167	313,940,966	(4,816,201)	(1.51)%
482 - GEN GOV DETENTION FUND	1,946,762	1,946,762	2,926,154	979,392	50.31%
507 - SHERIFF DETENTION FUND	26,595,247	26,595,247	33,042,573	6,447,326	24.24%
	347,305,676	347,305,676	349,913,920	2,608,244	0.75%

Expenditures

Agency	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
262 - CORRECT'L HLTH DETENTION FUND	48,802,468	48,802,468	48,474,628	327,840	0.67%
276 - JUV PROBTN DETENTION FUND	36,391,339	36,391,339	34,641,448	1,749,891	4.81%
420 - JUSTICE SYSTEM PLANNING INFO	1,913,044	1,913,044	1,449,568	463,476	24.23%
472 - NON-DEPT-DETENTION FUND	58,067,048	58,067,048	21,514,636	36,552,412	62.95%
482 - GEN GOV DETENTION FUND	68,128,856	68,128,856	39,493,826	28,635,030	42.03%
507 - SHERIFF DETENTION FUND	196,978,781	196,978,781	193,917,549	3,061,232	1.55%
701 - DETENTION OPERATIONS	3,206,234	3,206,234	2,772,474	433,760	13.53%
	413,487,770	413,487,770	342,264,129	71,223,641	17.23%